## REMARKS

This application has been reviewed in light of the FINAL REJECTION mailed October 16, 2007. Reconsideration of this application in view of the below remarks is respectfully requested. Claims 1-27 are pending in the application with Claim 1, 12, 17, 22, 24 and 26 being in independent form.

By the present amendment, Claims 1, 12, 17, 22, 24 and 26 are amended by way of the present amendment to recite: "...control an average bit rate, and a frame rate of said compressed video image data in response to changes to at least one parameter selected from a group consisting of: a number of frames of said non-compressed video image data, a recording time of said non-compressed video image data, and a free area of a recording medium for recording said compressed video image data, said control occurring throughout said compressing of said non-compressed video image data..." Since the features recited in the claims are fully supported in the disclosure as originally filed, for example see FIG. 3, 6 and 8, and corresponding portions of the specification, no new subject matter is introduced into the disclosure by way of the present amendment.

Initially, the present Office Action states that Applicants' previous arguments filed on July 27, 2007are not persuasive. However, no substantive reasoning has been provided in the present Office Action, which can be used by Applicants to address the Examiner's concerns. Therefore, in order to advance prosecution, Applicants respectfully request that details be provided in future Office Actions addressing why arguments put forward by Applicants are not found persuasive.

## I. Rejection of Claims 1, 12, 17, 22, 24 and 26 Under 35 U.S.C. § 112, First Paragraph

The Examiner has rejected Claims 1, 12, 17, 22, 24 and 26 under 35 U.S.C. § 112, first paragraph for failing to comply with the written description requirement. Specifically, the Examiner contends that proper support is not provided in the disclosure for the term "periodic intervals" and therefore considers the term as new matter.

However, the term "periodic intervals" has been deleted from Claims 1, 12, 17, 22, 24 and 26 by way of the present amendment. Therefore, the rejection is believed to be moot in light of the present amendment to the claims. Accordingly, Applicants respectfully request withdrawal of the rejection with respect to Claims 1, 12, 17, 22, 24 and 26 under 35 U.S.C. § 112, first paragraph.

## II. Rejection of Claims 1-27 Under 35 U.S.C. § 102(b)

Claims 1 – 27 are rejected by the Examiner under 35 U.S.C. § 102(b) as allegedly anticipated by U.S. Patent No. 6,144,797 issued to MacCormack et al.

The video security system disclosed in MacCormack et al. includes a compression circuit that applies a JPEG compression to the individual reference fields of the video being recorded, while the difference fields are only recorded and compressed if a significant amount of change in the scene has occurred in comparison to the reference field. A user of the MacCormack et al. system controls the recording quality, of the video prior to initiation of recording, by selecting quality settings from a drop-down list. (See: Col. 86, lines 3 – 30).

There is, however, no disclosure of an encoder controller, which controls a frame size, a frame rate, and an average bit rate of the compressed video image data in response to changes to parameters selected from number of frames, recording time and amount of free area on the recording medium throughout the compression process of the non-compressed video image data,

as recited in the claims. In this way the present invention can optimize the quality of the compressed video image data in response to changes in number of frames, recording time and amount of free area on the recording medium.

In contrast, MacCormack et al. sets the frame size, a frame rate, and an average bit rate of the compressed video image data at the initiation of the compression process and maintains the same parameter values throughout the compression of a non-compressed video image data. Thus, if during compression more space is made available on the recording medium during a compression process (for example by deletion of data stored on the storage medium), the MacCormack et al. disclosed system does not control the parameters in order to utilize the newly available space throughout the compression process.

With regards to the free area on the recording medium, MacCormack et al. discloses two options, the first being recording data until the medium is full; and the second being recording video data on the recording medium in a continuous loop. There is no disclosure of controlling any aspect of the video compression based on changes to the amount of free space on the recording medium.

It is well-settled by the Courts that "[A]nticipation requires the presence in a single prior art reference disclosure of each and every element of the claimed invention, arranged as in the claim." Lindemann Maschinenfabrik GMBH v. American Hoist and Derrick Company, et al., 730 F.2d 1452, 221 USPQ 481 (Fed. Cir., 1984).

Therefore, as demonstrated above, because MacCormack et al. does not disclose each and every element recited in the present claims, Applicant respectfully submits that the rejection has been obviated. Accordingly, Applicants respectfully request withdrawal of the rejection with respect to Claims 1-27 under 35 U.S.C. § 102(b).

**CONCLUSION** 

In view of the foregoing amendments and remarks, it is respectfully submitted that all

claims presently pending in the application, namely, Claims 1-27 are believed to be in

condition for allowance and patentably distinguishable over the art of record.

If the Examiner should have any questions concerning this communication or feels that an

interview would be helpful, the Examiner is requested to call Applicant's undersigned attorney at

the number indicated below.

Respectfully submitted,

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